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**FORWARDING EUROPE'S 'SMART POWER' THROUGH THE CURRENT COVID-19
CRISIS**

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Forwarding Europe's 'Smart Power' Through the Current covid-19 Crisis



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Forwarding Europe's 'Smart Power' Through the Current covid-19 Crisis**EXECUTIVE SUMMARY**

The current covid-19 pandemic has radically shaken the liberal international order from its very foundations. However, the architecture of such system has already witnessed three previous fractions, caused by counter-ideologies, and has held steady and strong throughout time. The reason is simple: its ability to morph and renew itself according with changes. Although at the time of writing, several vaccines are coming up from multinational companies, European citizens deserve a stable, sustainable and definitive solution to this transnational and transversal issue. The solution must come from the European Union itself. This paper aims to answer the following research question: Within the current covid-19 crisis, how can Europe combine its soft and hard power resources to successfully translate them in smart power strategies that would enhance its role as a global actor? To answer this question, this research is divided in two macro parts. The first, is composed of introduction, literature review and methodology. The second is more of an attempt to give a comprehensive policy framework for the liberal international order, after this pandemic. The researcher has tried to focus on what, in his humble view, and in the view of several scholars cited in the text, could be the challenges that the EU might effectively tackle, thanks to the theoretical, economic and methodological parts, and given the insights and ideas of the policy recommendations, outlined in the second part. The author has maintained a creative approach in the assessment of this topic.

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Introduction

Since March 2020, the world has witnessed a radical shift to the foundations of its social, economic and political interactions. Although the advent of this new pandemic (covid-19) has heavily affected life on the planet from every perspective, this problem is part of a larger phenomenon, broadly defined as globalization, which had already modified interactions in the international order. Globalization can be thought of as the increase of *globalism*,

...a state of the world involving networks of interdependence at multicontinental distances, linked through flows and influences of capital and goods, information and ideas, people and force, as well as environmentally and biologically relevant substances (such as acid rains or pathogens) (Keohane and Nye, 2012).

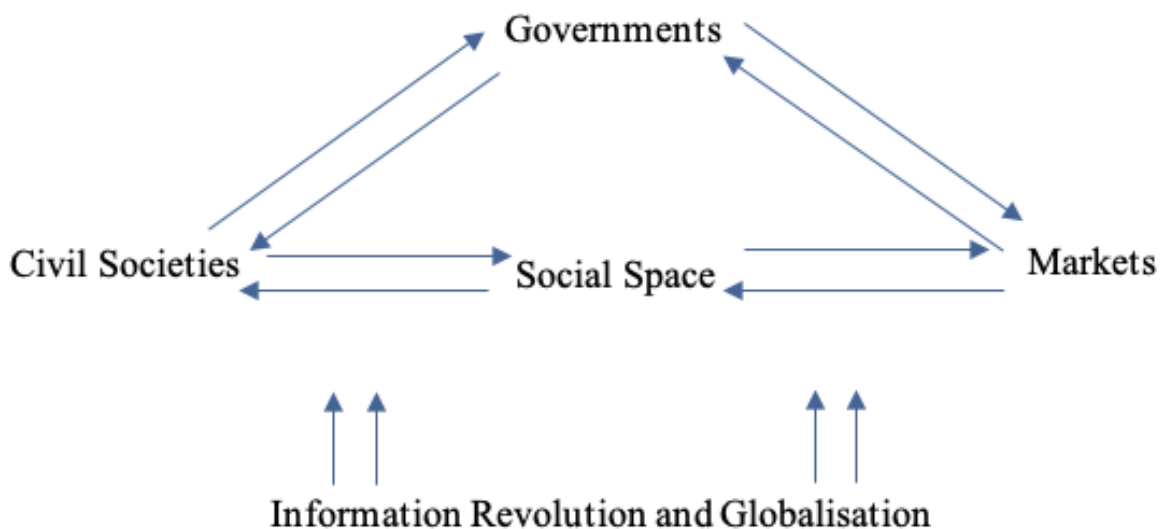
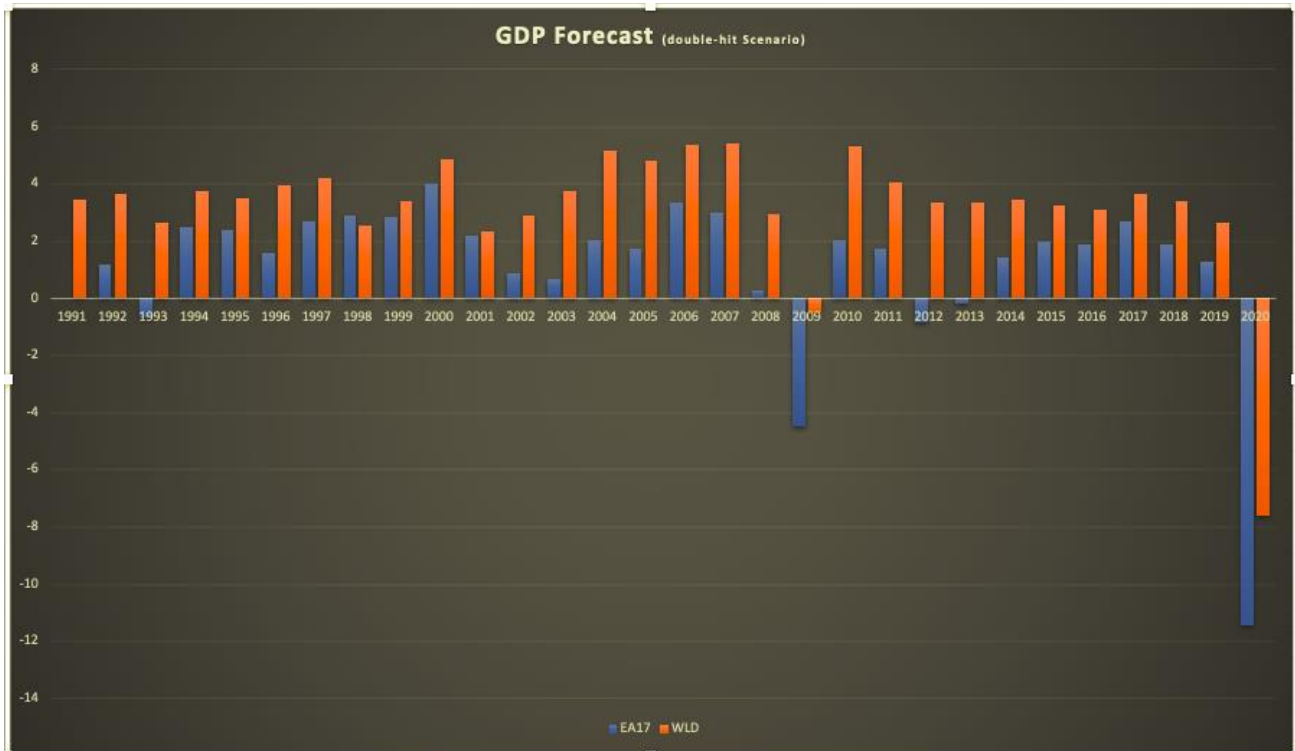


Chart inspired by: Robert Owen Keohane, Nye, J.S. and Fareed Zakaria (2012). *Power and interdependence*. Longman Classics in Political Science.

Covid-19 has impacted not simply the very life of individuals, but also fuelled a shift already undergoing in the international arena, affecting established pillars such as freedom and democracy worldwide. Its magnitude has also greatly influenced every existing economy. In fact, the real GDP forecast of both the world and the EA17 (Eurozone minus Latvia and Lithuania) for the year 2020 is far more detrimental than the effects of the 2008 financial crisis. If the consequences of the financial crisis at the wake of the new millennium were a -0.5% for the world and a -4.5% for the EA17 economies in the year 2009, the forecast for 2020 is -7.6% for the world and -11.5% for the EA17 economies respectively.

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(Interactive charts by the OECD, 2020). <https://data.oecd.org/chart/69II>

Inevitably, in the assessment of these interactions and dynamics one must consider the element of power, ever present in world politics. However, both the technological, social, political, economic, institutional and military developments risen with globalism and affected by covid-19 need a functional definition of power that will adequately guide action for the increased number of players involved (not only single states). In simple terms, power can be defined as “...the ability to get what we want” (Nye, 2013). It is crucial, however, to further describe this concept in order to fully grasp its function and how to wield it effectively in a world drastically changed by globalization and the connected information revolution, function of the diffusion of low-cost communication tools (e.g. the internet).

Power involves causation. The latter is always arbitrary in relation to a specific event. Along the long and complex chain of events unfolding on the international arena, one only chooses to pick the relation between two items (Nye, 2013). In other words, for the effective functionality of policy, it is central to identify the scope and the domain of power. The traditional assessment of power simply focuses on elements such as population, territory, natural resources, economic strength, military force, social stability, in their static form, which may or may not produce the wanted effects, not taking into account unfolding shifts in the international order (Nye, 2013).

For this reason, there is a need, in today's complex world, to rely on a more *behavioral* definition of power: “[i]n terms of behavior, a policy oriented concept of power depends upon a specified context to tell us *who* gets *what*, *how*, *where*, and *when*” (Lasswell and Kaplan as cited in Nye, 2013). Power can be seen as a spectrum, where command power, “...the ability to change what others do” (e.g. coercion, inducement), is on the one hand of the spectrum and *co-optive* power, “...the ability to shape what others want” is on the other (Nye, 2005).

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In this behavioral form,

[p]ower can be thought of as the ability of an actor to get others to do something they otherwise would not do (and at an acceptable cost to the actor). Power can be conceived in terms of control over outcomes (Keohane and Nye, 2012).

At this juncture, a further distinction and a specification of the concept of power is in order. If power can be conceived as the ability to control outcomes, convincing others to do something they would not do, and there is a distinction between coercion, command and inducement on one side, and a behavior of attractiveness, persuasion on the other. This duality can be defined as the distinction between *hard* and *soft* power: the first, relies on the effective conversion of tangible resources such as force or money; the second, relies on the effective conversion of intangible resources such as institutions, ideas, values, culture and perceived legitimacy of policy. “Hard power is push; soft power is pull” (Nye, 2013).

The distinction between soft and hard power is important in understanding how agents of world politics can effectively convert both power resources to reach the desired outcomes. However, this distinction is a distinction of degree. In other words, what differs is the nature of the behavior in question, and the tangibility of the resources used through that specific behavior. For this reason, hard and soft power interplay with each other: “[h]ard and soft power sometimes reinforce and sometimes interfere with each other” (Nye, 2005). Hence, these two concepts are strictly related, although from two completely opposed ends of the spectrum. Nevertheless, both of them are a function of the ability of agents to achieve prefixed objectives, influencing the behavior of others, either from a command-type of action or through co-optation.

The European Union has undoubtedly both soft and hard power resources. However, the essence of its legitimacy and the basis of its attraction worldwide rest on soft power. The EU has all the requirements from both ends of the spectrum to exploit both kinds of power resources through their effective interplay. After all, the essence of politics is adjustment: “[i]n policymaking adjustment is critical because the views of powerful interests about the cost of change and their distribution largely determine the support a policy will command” (Keohane and Nye, 2012).

Simply thought, the process of conversion and utilization of power resources, whether hard or soft, can be thought as “smart power...the ability to combine hard and soft power resources into effective strategies” (Nye, 2013). Contrarily to soft and hard power taken singularly, smart power is a descriptive and evaluative concept: “[it] has the evaluation built into the definition” (Nye, 2013). Thus, the EU has the potential, the preferred position in the international order and the political DNA to combine its soft and hard power resources into effective strategies: smart power.

This preamble paves the way to the research question that this research aims to answer: Within the current covid-19 crisis, how can Europe combine its soft and hard power resources to successfully translate them in smart power strategies that would enhance its role as a global actor? The current covid-19 crisis has heavily affected the social perception and understanding of politics, values and interests. The European Union has soft and hard power resources and smart power assets to use this crisis to enhance its position as a global actor.

This can be done working simultaneously to promote European values, which in turn secure legitimacy at home and abroad, and compose European culture and identity. Parallely, Europe can exploit its economic capabilities, which can be used both as soft and hard power resources through the lens of its foreign policy. These resources, employed internally and externally through a balanced and harmonic political practice, can secure external and internal political support,

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relentless legitimacy and a more solid position as a global actor. In doing so, Europe will establish a more solid root of smart power that will give it greater authority on the global stage, through its foreign policy, thanks to a stronger institutional framework, larger control over the outcomes of world politics, a more prosperous economy resulting in increased legitimacy at home and abroad.

Literature Review

“[T]he European Union as a symbol of a uniting Europe itself carries a good deal of soft power” (Nye, 2005). The process of European integration that slowly constructed a common market, a common currency, a common politico-institutional framework rests on the civic understanding and embracement of certain values such as freedom, democracy, a free market economy, free trade, human rights, common and sustainable development to name a few. This pandemic has been used by EU global competitors, further continuing to exploit the underlying tools risen with the *information revolution*, the institutional *fora* and the economic leverage to shape world order according to their interests and needs. However, the European Union can combine its hard and soft power resources through effective smart power strategies to counter these trends.

European soft power, together with the USA and through a renewed and enforced *Transatlantic Partnership*, can repair the damages inflicted by the past Trump administration, especially in the policy choices to contain and fight the pandemic and other transnational issues such as climate change. This is so because Europe's soft power lies on democratic and inclusive vision, which represent simultaneously its legitimacy, its democratic *backbone* and its natural tendency to *multilateralism*. In fact, “...the European propensity toward multilateralism makes European countries' policies attractive to many other countries,” and this natural tendency for multilateral cooperation has produced several successes that in turn “...have increased Europe's soft power as well as its economic power” (Nye, 2005).

In recent times, however, Europe has also faced internal dissent. This was due to the perceived lack of legitimacy and collective decision-making that the Union represents, but that at times gets dispersed within the numerous layers of its institutions. The populations of the member states often perceive that “[l]ong chains of connection attenuate accountability. Thus, it may help if they are supplemented by accountability to [a thriving] international civil society” (Keohane and Nye, 2012). At the same time, some of the challenges to the multilateral nature of the EU come from member states' governments alike:

[d]ifferent political systems have different capacities to shape the economic, sociological, environmental, and military forces that impinge on them; their people have different values, relative to those forces; and their political institutions react differently with those values to produce policies of response. (Keohane and Nye, 2012).

For these reasons, European regionalism together with a renewed *Transatlantic Partnership* can be seen as an effective response to authoritarianism and the populist divisive politics of some of the member states. In fact, “[r]egionalization may enable a group of states to reach a sufficient ‘critical mass’ to make more effective its regulations towards global corporations and other mobile entities” (Keohane and Nye, 2012). A perfect example of this is the *General Data Protection Regulation (GDPR)* that empowered individuals against privacy abuses of major tech corporations (e.g. Google, Facebook).

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Considering all the above, the question remains: how to translate these soft and hard power resources and approaches to produce effective smart power strategies? To answer this question, it is necessary to further explore all the tangible and intangible power resources that Europe possesses and how these can convert into effective strategies producing favourable outcomes from a perspective of political bargaining in the international order. As mentioned before, these capabilities in their static form do not produce the desired outcomes. In order for European power resources, whether force, money or institutions, culture, values, ideas, to produce concrete outcomes on the international order an effective power translation needs to occur: “[t]he translation from capabilities to outcomes depends on the political process...Skill in political bargaining affects the translation” (Keohane and Nye, 2012).

To make effective use of tangible and intangible soft and hard power resources and translate them in effective smart power strategies it is necessary to practice political skill, which in turn affects the power translation. If one assumes *globalism* as a pre-existing condition of the system, a few more words need to be spent about the concept of *interdependence* and its pillars. Interdependence can be simply defined as mutual dependence, “[...]a situation characterized by reciprocal effects among countries or among actors in different countries.” It is important to notice that it is not the same as interconnectedness. This is so because “[...]the effects of transactions on interdependence will depend on the constraints, or costs, associated with them” (Keohane and Nye, 2012). This in turn means that interdependence is not limited to situations of mutual benefit, and that it restricts autonomy in an *interwoven* fashion.

Interdependence is analytically composed of two main concepts, crucial in understanding how structure and agency interplay with each other in a *dynamic* way. The first is *sensitivity* interdependence, which “[...]involves degrees of responsiveness within a policy framework.” In other words, “[...]how quickly do changes in one country bring costly changes in another, and how great are the costly effects?”. Sensitivity, simply thought, can be also described as the willingness to *bear* costs of all kinds to external events in a condition of mutual dependence. It is measured by the volume of flows across borders, and the costly effects of changes in transactions on societies and governments. The effectiveness of the predictions of outcomes through sensitivity interdependence can only happen when the framework of policy remains unchanged. This point is crucial for the functionality of the concept, meaning that it remains useful only when “policies are [not] altered to try to change the situation” (Keohane and Nye, 2012).

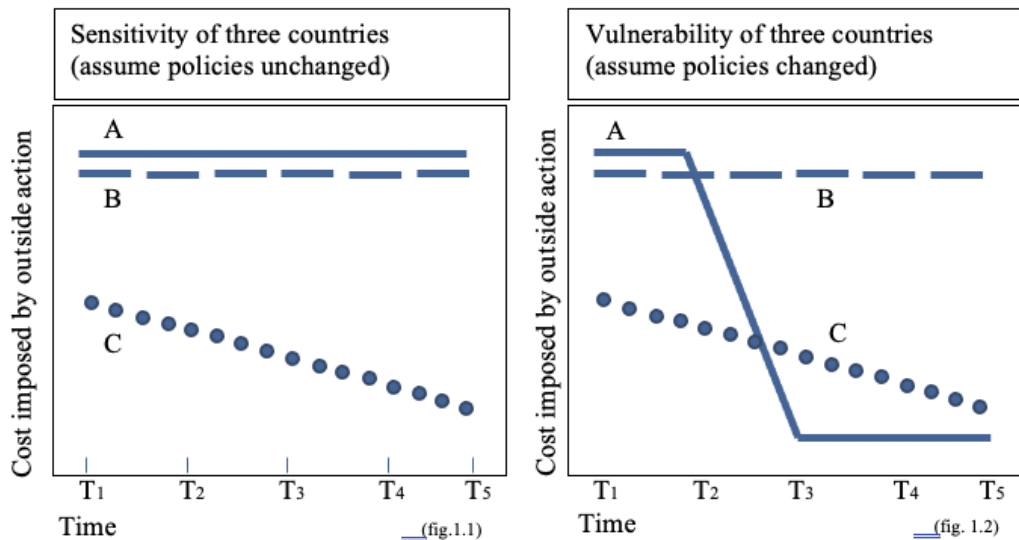
The second tool to understand the applicability of interdependence, which together with sensitivity completes the interdependence mechanism itself, is *vulnerability* interdependence. This “[...]can be defined as an actor’s liability to suffer costs imposed by external events even after policies have been altered” (Keohane and Nye, 2012). The main difference between the two concepts is the influence of change applied to the policy framework. By itself, the element of change introduces a strategic dimension in the second concept not existing in the first. While willingness to bear of bear costs (value-laden, cultural, political, legal, economic, etc) remains somehow static in sensibility measurements, in vulnerability it gains dynamism, thanks to the interaction spurring from the mutual dependence.

Often, traditional policymakers miscalculate predictability of outcomes because they are unable to recognise which one of the two operating mechanisms of interdependence is at play. In fact, sensitivity is and remains a useful guide as long as rules and norms are taken for granted, but when the policy framework begins to change, vulnerability is a far more useful indicator in providing

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power resources and predicting outcomes. Only vulnerability interdependence has the strategic element geared in it.



Robert Owen Keohane, Nye, J.S. and Fareed Zakaria (2012). Power and interdependence. Longman Classics in Political Science.

The two graphs above explain how sensitivity and vulnerability apply to the reality of the policy framework at the disposal of the policymaker. While fig. 1.1, representing sensitivity levels of country A, B and C, shows that in country C, which already had a low level of sensitivity compared to A and B the sensitivity level diminishes over time even without policy changes. Instead, fig. 1.2 outlines levels of vulnerability. In this case, the stark difference is that at T2, when external events (i.e. covid-19) prompts each country to change their policies, and, in fact, country A falls shorter in vulnerability than B and C at T3. In other words, country A has a higher readiness regarding “[t]he extent of these costs and the political willingness to bear them” (Keohane and Nye, 2012).

The functional blending of sensitivity and vulnerability interdependence, in relation to globalism, can also fit the *complex interdependence* model or *ideal type*. The latter is a *holistic* device to effectively read and combine the globalized reality that starkly more resembles this ideal type. Its main features are composed of multiple channels of communication between and within societies and actors, multiple issues on the agenda not defined by a clear hierarchy, the increasingly costly (almost irrelevant) role of force or the threat of among actors linked by complex interdependent dynamics (Keohane and Nye, 2012). If smart power is the effective strategy that combines hard and soft power resources, complex interdependence is the structural backdrop that allows players to functionally fix smart power strategies in the world order machinery.

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Methodology

The methodology chosen for this research will be a *prospective* case study methodology (PCS). The latter,

...formulates a set of theory-based hypothesis in respect to the evolution of an ongoing social process and then test these hypotheses [in a subsequent] ...time" (Bitektine, 2008). Several are the advantages of this kind of methodology; the first, is that "[t]he...PCS design...can contribute substantially to the rigor of qualitative studies by eliminating some of the bias (Bitektine, 2008).

The second, is that "...PCS design is based on the application of the principles of prospective study design adapted...to the qualitative case study methodology developed in organizational studies for deductive theory testing" (Langley, 1999; Lee, 1989; Markus, 1983 as cited in Bitektine, 2008). The third, in that it possesses an extremely precious quality, the unquantifiable impossibility, in other words, "...aspect[s] of the social process explained by the theory...cannot be adequately quantified" (Bitektine, 161). This quality can be named *unquantifiable impossibility*, proper to a qualitative case study method.

A fourth crucial point is that PCS designs focus on the study of a single research case. This might seem a weakness at first but according to Lee (1989) as cited in Bitektine (2008), the "...study of a single case...yields more variables than data points." This enables one to "...formulate...hypotheses inferred in a certain way from given theory" (Bitektine, 2008). Another important issue to tackle methodologically speaking is the recognition of biases. For this issue, the PCS design embraces the idea that "...theories in social sciences are not fully formalized...the process of hypotheses selection and formulation is not free from a researcher's retrospective rationalization and selective biases" (Bitektine, 2008).

PCS designs also demonstrate testable propositions as documented predictions of future outcomes. They provide "...additional rigour and legitimacy to...deductive theory." Even the very failures may, for future research, provide additional, new and refreshed insights (Bitektine, 2008).

For the sake of this research, only some of the overall *functional* elements of this rich methodology will be selected: research question formulation and theory-testing shall be the first; then, analysis, pattern-formulation and predictions of future developments are largely based on theory's solid foundations; the third, can be exemplified with a linear equation: the nature of social processes plus the theory equates a follow-up in outcomes from a methodological perspective.

In other words, the final objective of this research design lies in "...*how a given theory [might] interpret [events], what predictions it would make in respect to the outcome and why*" (Bitektine, 2008). The final prerequisite of this research design assumes that "...political contest among...actors occurs in a highly institutionalized environment, where institutional theory... [might] predict...high degree of actor conformance to the established institutional norms, practices, and *roles*" (Bitektine, 2008).

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Body

As mentioned above, the covid-19 crisis has witnessed a shift in social, political and economic relations in and within states. This should not be seen systematically as a detrimental factor. In fact, from great crises can arise big opportunities. Several are the tools at the European Union disposal to face this crisis effectively and systematically. The first issue relates to foreign policy which, taken globalism and complex interdependence for granted, is inevitably interwoven with economic dynamics. In other words, the separation between the geopolitical and economic spheres can be considered outdated.

Europe together with the United States of America, through a renewed Transatlantic Partnership with the current Biden Administration, can effectively turnaround the current dynamics spurring from this pandemic. The trade war between US and China initiated by the Trump administration could be ameliorated through effective multilateral strategies. The newly formed Administration should understand that: “Economic connections, from cyberspace to financial links, are becoming the primary areas of great-power competition and are increasingly at risk of being weaponised” (Farrell and Newman, 2019; Leonard 2016 as cited in Leonard et al).

The geopolitics of economics is essential in assessing the context in which countermeasures can be promptly secured through multilateral strategies, also on the economic ground.

Transatlantic powers will continue to rely on formal, treaty- based universal organizations like the United Nations and the Bretton Woods Institutions.” These institutions are able to mechanically, functionally and continuously renew themselves, following Liberalism’s prerogatives (always able to update its formula with time). There is no real need to create new institutions, considering that the existing ones, established after World War II with the Bretton Woods rules-based system, are able to function effectively and can best manage all the operating dynamics and forces spurring from the liberal international order.

From a *securital* point of view, considering the nature of the current threat (e.g. covid-19), which is transnational, the ultimate tool at the disposition of the European Union is economic sanctions (Filipenko, Bazhenova, Stakanov, 2020).

Economic Sanctions represent an effective tool with potent consequences on economic growth rates, a functioning mechanism against to human rights violations, the sovereignty of countries and violations of international law. In fact, “The process of world economic globalisation causes the activation of new mechanisms in international relations systems to influence the policy and behaviour of particular governments or group of states acting in the interests of public security” (Filipenko, Bazhenova, Stakanonov, 2020). For this reason, “...the imposition of sanctions [is not] an ordinary but an exceptional measure of foreign economic policy aimed at achieving certain political goals” (Filipenko, Bazhenova, Stakanonov, 2020).

Another important foreign policy tool at the disposal of the EU as a whole, is foreign aid. Countries that lack good governance and mature economic institutions, “...usually receive aid in the form of social-sector assistance” (Apodaca, 2017). “Social-sector aid allows donors to target the welfare of the people, generally channelling aid through multilateral organizations in ways that avoid bad policies of corruption in recipient governments” (Apodaca, 2017). Foreign aid can be seen as a tool to give and facilitate economic development to alleviate poverty and improve human welfare.

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“Aid contributes to global security by tackling threats to human security, such as human rights violations, diseases [such as covid-19], environmental degradation, [and is crucial in building up] peace-making, and [resolving] the...gap between the rich and the poor” (Apodaca, 2017). This can be a useful strategy because poverty and extreme inequalities are one of the main causes of disease (e.g. covid-19) and can create also social instabilities. For this reason, “...aid helps to build a safer, more peaceful, and more secure world” (Apodaca, 2017).

According to many scholars and policymakers, humanitarian values trigger moral authority which can be seen as a primary goal in the “...allocation of multilateral foreign aid” (Apodaca, 2017). Some universal standards of behaviour in and within countries are now interwoven and locked within complex interdependence accelerated by the information revolution. One of the keys to read this is in the allocation of aid. The latter is a perfect tool to incentivize good behaviour worldwide, through smart power strategies. A crucial sphere is economics. In fact, designating funds allows donors states to allocate resources on the basis of need, country performance and institutional capacity.

Multilateralism is not simply a good strategy, but also a functional one for transnational threats such as covid-19. Some of the advantages can be exemplified by the lack of costs: multilateralism is cheap: “Multilateralism is...the solution to transaction costs, (i.e. sensitivity and vulnerability interdependence). Negotiating and renegotiating, monitoring and enforcing an agreement” (Apodaca, 2017). Furthermore, multilateral aid is politically neutral and cheap, meaning that “Multilateralism is the solution to transaction costs, that is, the cost of negotiating (and renegotiating), monitoring and enforcing an agreement” (Apodaca, 8, 2017).

Conclusion

The world today witnesses a great opportunity. The information revolution spurred from the advent of the internet and its rapid evolution gives players in the international order, namely the EU, a unique chance to shape future dynamics and outcomes of world politics, in the interests of all. Smart power, the functional and evaluative blending of hard and soft power, is the perfect strategy to assess foreign policy, economic, securital, social, legal and civil society mechanisms in relations to its economic partners that do not share just yet this strategy. Often, the critique from non-liberal regimes is that liberal likeminded states have quick and volatile election cycles, which in turn do not secure efficacy and a long-term policy framework.

However, the EU, precisely for its stable architecture of long-chain institutions and bodies, guarantees a greater stability for both the executive and political branches. In other words, all the bodies of this supranational entity named European Union allow European citizens not only to be represented, and to vote directly for these representatives in the European Parliament, but the executive branch effectively, promptly and multilaterally engages and solves global, regional and transnational and issues and threats.

Contrarily to common thought, The EU is already functioning at its best. This not only is a clear signal to its economic partners, but it is also a stable and long-lasting reality that can effectively stand for a reformed, renewed and revitalized great power which can lead by example (soft power) and show other powers how the liberal international order works. The EU is based on the

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multinational integration process, which gives it long-lasting legitimacy, leadership, representation and magnitude across borders.

The recent covid-19 crisis has opened room for manoeuvre for the EU on the international order, also because of the momentaneous complete lack of leadership of the Trump administration, which the EU itself has exploited for the interests of the world. This has been done through economic aid, the recovery fund, diplomatic efforts (e.g., the returning of member states' diplomats and citizens from outside EU borders), the enormous and enlightened work of every executive agency of the EU Commission on every sphere they engage (economics, security, foreign policy, communications, trade, etc.) and finally the great work of the Parliament.

The future remains in the hands of the EU as a whole. However, the EU shall not forget the various allies and friends across the globe that share its progressive, breakthrough and concrete vision for the world's populations. Today, the world is witnessing a dark moment. However, the EU has been and will continue to exploit human resources, capabilities, strategies and knowledge through technology, science, effective communications, political skills, foreign policy in order to act through smart power strategies on the global stage.

Policy Recommendations

- Fostering scientific research, technology and innovation
- Shielding critical national security assets from foreign interference
- Embracing a level playing field for domestic and international competition
- Prompting European monetary and financial independence and interdependence (\$US/€Euro)
- Enhancing constant monitor of the distortions of international trade and investment, that is competition policy instruments to be applied to state aid
- Constructing a strong and independent competition policy, taking into account economic sovereignty concerns in competition decisions in order to protect consumers, not producers
- In order not to fall in the trap of producers' interests, it is crucial not to politicize competition policy
- The EU High Representative role shall remain in charge of international security. In fact, "...the EU's High Representative for foreign affairs and security policy should be given the right to evoke a security clause and object to a decision proposed by the competition commissioner." (Leonard et al, 2019).
- Investment control shall not to be treated as purely national affair
- More accurate and effective procedures for the development of a tool to manage Foreign Investment Screening (FDS) need to be implemented
- The European Commission shall be empowered with the right to enforce prohibition of a foreign investment (based on security grounds)
- The Euro currency shall be given greater magnitude worldwide

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- The EU shall exploit its already prominent role within Multilateral Development Banks (MDBs) through an effective leadership
- The European Union as a whole must have retaliatory power regarding its own disagreement to others' unilateral sanctions
- The European Union shall preserve and leverage its influence in multilateral fora
- The EU shall implement Committees whose role will be to tackle cross-cutting issues, monitor compliance among Directorates-General including economic experts, diplomats and security specialists. The standing staff for Committee shall create organic links with similar bodies in member states
- The EU shall implement a Committee on Foreign Investment, staffed by economic experts, whose role will be to make recommendations on the national security implications of Foreign Direct Investment (FDI) and mergers of European as well as non-European companies
- The office of Financial sanctions enforcement shall be composed of representatives of European External Action Service together with Directorates-General of economic and financial affairs
- This can be called: Flexible Implementation Strategy (FIS).

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